

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02 L-03

/043 W

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R 282111Z JUL 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 7575

C O N F I D E N T I A L MANAGUA 2917

EO 11652: GDS

TAGS: ELAB, NU

SUBJECT: CONSTRUCTION WORKERS' CONTRACT EXPIRES

SUMMARY: CONTRACT BETWEEN MANAGEMENT AND COMMUNIST CONTROLLED CONSTRUCTION WORKERS (SCAAS) EXPIRED JULY 23 BUT NEGOTIATIONS FOR NEW CONTRACT HAVE YET TO BEGIN. UNION IN WEAK BARGAINING POSITION AND CONSTRUCTION COMPANIES TOYING WITH IDEA OF EXPLOITING CIRCUMSTANCES TO OUST COMMUNISTS FROM CONSTRUCTION SECTOR. HOWEVER, INDUSTRY REPRESENTATIVE BELIEVES THAT MANAGEMENT WILL FINALLY NOT CHOOSE TO PRESS TOO HARD.

1. GUSTAVO TIJERINO, SECRETARY OF CHAMBER OF CONSTRUCTION BRIEFED POLOFF ON SITUATION IN CONSTRUCTION SECTOR JULY 22 ON THE EVE OF EXPIRATION OF LABOR CONTRACT WITH COMMUNIST (PSN) CONTROLLED CONSTRUCTION WORKERS' UNION (SCAAS). TIJERINO SAID THAT DESPITE IMMINENCE OF CONTRACT EXPIRATION, NO FORMAL NEGOTIATING MEETINGS HAVE TAKEN PLACE YET AND INFORMAL CONTACTS HAVE NOT OCCURRED DURING LAST SIX WEEKS. NEVERTHELESS, MANAGEMENT DOES NOT EXPECT WORKERS TO STRIKE UNDER OBTAINING SITUATION WITHIN THE NEXT FEW WEEKS.

2. TIJERINO ATTRIBUTED SCAAS' RELUCTANCE TO WALK OUT TO THE DEPRESSION IN THE CONSTRUCTION INDUSTRY WHICH HAS CAUSED LAY-OFF OF 5000 WORKERS (OUT OF 9000 TOTAL), AND TO UNION LEADERS' FEARS THAT A WRONG DECISION NOW FOLLOWING THE FAILURE OF STRIKE  
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EARLIER THIS YEAR MIGHT PROVE DISASTROUS TO THEIR CONTROL. IN

ORDER TO BOLSTER PUBLIC SUPPORT, HE SAID THAT SCAAS HAD ATTEMPTED TO CHARGE MANAGEMENT WITH DELIBERATELY REDUCING NUMBER OF PROJECTS TO COINCIDE WITH UPCOMING NEGOTIATIONS IN ORDER TO PUT WORKERS AT BARGAINING DISADVANTAGE. HOWEVER, TIJERINO REVEALED THAT HE WAS ABLE TO CONVINCE LA PRENSA--SCAAS' MOST IMPORTANT ALLY IN THE MEDIA-- THAT THE FAULT LAY NOT WITH THE COMPANIES BUT WITH GOVERNMENT AGENCIES LIKE URBAN PLANNING AND BANCO DE VIVIENDA WHOSE LACK OF ACTION WAS HOLDING UP NEW STARTS.

3. MANAGEMENT OBVIOUSLY HAS THE WHIP HAND GOING INTO NEGOTIATIONS, BUT IS UNCERTAIN WHAT TO DO WITH IT. TIJERINO FLATLY PREDICTED THAT THE CHAMBER WOULD NOT ACCEDE TO ANY CONTRACT CALLING FOR MORE THAN ADJUSTMENT IN PIECE-WORK RATES AMOUNTING TO ABOUT A 5 PERCENT AVERAGE INCREASE IN WAGES. BUT THE CHAMBER HAD TO DECIDE WHETHER OR NOT IT WOULD EXPLOIT THIS OPPORTUNITY TO PRESSURE THE COMMUNISTS OUT OF THE INDUSTRY. ARGUMENTS IN FAVORS WERE SELF-EVIDENT, TIJERINO SAID, AND THERE HAD ALREADY BEEN SOME CONTACT WITH JULIO MAYORGA, PRESIDENT OF THE AIFLD-SUPPORTED FEDERATION OF MANAGUA WORKERS (FOM), ABOUT SETTING UP A SECOND UNION.

4. ARGUMENTS AGAINST SUCH AN ATTEMPT, WHICH TIJERINO THOUGHT WERE PREDOMINANT AT THE MOMENT, WERE MORE SUBTLE. THESE INCLUDE NATURAL FEAR OF DISRUPTIONS CAUSED BY PROTRACTED JURISDICTIONAL CONFLICTS BY DIEHARD SCAAS FAITHFULS WHO MIGHT RESORT TO VIOLENCE AND SABOTAGE TO MAKE THEIR POINT. THEY ALSO INCLUDE OTHER CONSIDERATIONS SUCH AS THE EFFECT THE OBLITERATION OF SCAAS WOULD HAVE ON THE UNION OF DEMOCRATIC LIBERATION (UDEL) WHICH SOME CHAMBER AFFILIATES VIEW AS THE ONLY AVAILABLE CHANNEL FOR CENTER-LEFT POLITICAL DISSENT. ACCORDING TO TIJERINO, NEITHER ARE THE CHAMBER MEMBERS EAGER TO FOUL THEIR PERSONAL AND BUSINESS RELATIONS WITH UDEL PRESIDENT AND LA PRENSA DIRECTOR PEDRO JOAQUIN CHAMORRO BY ENGAGING IN AN UNNECESSARY CONFRONTATION

WITH UDEL AND SCAAS. BECAUSE OF THIS, TIJERINO BELIEVES THAT THE POTENTIAL CONFLICT WILL BE RESOLVED FAIRLY AMICABLY ON TERMS FAVORABLE TO THE EMPLOYERS, BUT WITHOUT POLITICAL AND SOCIAL TURMOIL IF AT ALL POSSIBLE.

5. COMMENT: PEDRO JOAQUIN CHAMORRO'S OWN ASSESSMENT OF THE  
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SITUATION GIVEN TO POLOFF RECENTLY DOES NOT DIFFER REMARKABLY FROM TIJERINO'S. HE HAS NO DESIRE TO BACK SCAAS TO THE HILT IN ITS NEGOTIATIONS IN WHAT MAY BE A LOSING BATTLE. HOWEVER, HE HAS PROMISED FULL UDEL AND LA PRENSA SUPPORT TO SCAAS IF THE EMPLOYERS ATTEMPT TO DESTROY THE UNION.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LABOR UNIONS, CONTRACTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MANAGU02917  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750260-0761  
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**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 SEP 2003 by WorrelSW>; APPROVED <03 NOV 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CONSTRUCTION WORKERS' CONTRACT EXPIRES SUMMARY: CONTRACT BETWEEN MANAGEMENT AND  
**TAGS:** ELAB, NU  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006